

The Gazette of India



PUBLISHED BY AUTHORITY

No. 1] NEW DELHI, SATURDAY, FEBRUARY 21, 1953

PART II—Section 2

Bills and Reports of Select Committees on Bills

HOUSE OF THE PEOPLE

The following Bills were introduced in the House of the People on 14th February, 1953:—

BILL* No. 3 OF 1953

A Bill to provide for the levy and collection of an additional duty of excise on cloth for raising funds for the purpose of developing khadi and other handloom industries and for promoting the sale of khadi and other handloom cloth.

Be it enacted by Parliament as follows:—

1. Short title and extent.—(1) This Act may be called the Khadi and other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953.

(2) It extends to the whole of India except the State of Jammu and Kashmir.

2. Definitions.—In this Act, unless the context otherwise requires,—

(a) 'appointed day' means the 15th day of February, 1953;

(b) 'cloth' has the meaning assigned to it in the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944);

(c) 'handloom cloth' means any cloth woven from any material including silk, artificial silk, staple fibre and wool, on looms worked by manual labour;

(d) 'handloom industries' means industries which manufacture khadi or other handloom cloth;

(e) 'khadi' means any handloom cloth woven from yarn hand-spun in India.

*The President has, in pursuance of clauses (1) and (3) of article 117 of the Constitution of India, recommended to the House of the People the introduction and consideration of the Bill.

3. Levy of additional duty of excise on cloth.—(1) There shall be levied and collected on all cloth manufactured on or after the appointed day in the territories to which this Act extends and on all cloth lying in stock on the appointed day in any factory where cloth is manufactured or in any premises appurtenant thereto, a duty of excise at the rate of three pies per yard:

Provided that no such duty shall be levied on cloth which is exported out of India.

(2) The duty of excise specified in sub-section (1) shall be in addition to the duty of excise chargeable on cloth under the Central Excise and Salt Act, 1944 (I of 1944), and shall be levied and collected in the same manner as the duty of excise on cloth is levied and collected under that Act.

4. Application of proceeds.—The Central Government may utilise the net proceeds of the duty of excise levied under this Act for meeting the costs of such measures as it considers necessary or expedient to take for developing khadi and other handloom industries, and, in particular, measures for—

(a) undertaking, assisting or encouraging khadi and other handloom industries;

(b) encouraging the adoption of improved methods of manufacturing khadi and other handloom cloth;

(c) encouraging and developing research in the technique of production of khadi and other handloom cloth and in the art of designs relating thereto;

(d) maintaining or assisting in the maintenance of institutes for the development of khadi and other handloom industries;

(e) promoting the sale and marketing of khadi and other handloom cloth;

(f) fixing the grades and standards of khadi and other handloom cloth and enforcing quality control;

(g) promoting and encouraging co-operative effort among manufacturers of khadi and other handloom cloth.

5. Power to make rules.—(1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for—

(a) the manner in which the proceeds of the duty of excise levied under this Act may be applied for all or any of the purposes specified in section 4;

(b) the making of grants or loans from such proceeds to State Governments for all or any of the said purposes;

(c) the allocation of the net proceeds of the duty of excise between khadi and other handloom industries;

(d) the manner in which accounts relating to the proceeds of the duty of excise shall be maintained;

(e) the exemption from the whole or any part of the duty of excise levied under this Act of any variety of cloth which is for the time being exempt from the duty of excise imposed under the Central Excises and Salt Act, 1944 (1 of 1944).

Declaration under the Provisional Collection of Taxes Act, 1981.

It is hereby declared that it is expedient in the public interest that the provisions of clause 3 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1981 (XVI of 1991).

STATEMENT OF OBJECTS AND REASONS

Both the khadi and the handloom cloth industry have a definite place in our national economy. Khadi makes its contribution towards the relief of rural unemployment and provides a supplementary source of livelihood to our agricultural population. The handloom industry has a substantial part to play in supplying the demand for cloth in the country. Both these industries, however, have been suffering from many handicaps of late, mainly in finding an adequate market for their products. They have to cater to certain special markets and to individual and local tastes. For this purpose they need assistance in order to obtain adequate supplies of cotton and yarn at reasonable rates, to effect improvement in their methods and technique of production and for organizing the sale and marketing of their goods. In order to finance the development of these industries on these lines, it is proposed that a cess of three pies per yard should be imposed on mill-made cloth other than cloth exported out of India. The cess would take the form of a duty of excise and is expected to yield more than rupees five crores per year. The proceeds of the cess will be allocated by Government for the development of the khadi and the handloom industry, the proportions being determined each year according to circumstances. Legislation is required for imposing this cess as a duty of excise.

T. T. KRISHNAMACHARI.

NEW DELHI;

The 11th February, 1953.

FINANCIAL MEMORANDUM

The Ministry of Commerce and Industry proposes to introduce a Bill to provide for the levy and collection of a cess for raising funds for the purpose of developing handloom industry and for promoting the sale of khadi and other handloom cloth. The cess would be in the nature of a duty of excise.

2. The Bill provides for a levy of cess of 8 pies per yard of mill-made cloth produced in the country. As in the case of the excise duty it is intended to exempt under clause 3(1), cloth which is exported out

of the country. On the basis that the cess would be levied then on about 8,500 million yards it is expected that the cess will yield more than Rs. 5 crores per annum.

3. The above cess will be collected in the same manner as the duty of excise on cloth, by the Central Excise Department, and the net proceeds will be available for distribution for developing the Handloom and Khadi Industries.

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BILL* No. 2 OF 1953

A Bill to amend the Voluntary Surrender of Salaries (Exemption from Taxation) Act, 1950.

Be it enacted by Parliament as follows:—

1. **Short title.**—This Act may be called the Voluntary Surrender of Salaries (Exemption from Taxation) Amendment Act, 1953.

2. **Substitution of new section for sections 2 and 3 in Act LXI of 1950.**—For sections 2 and 3 of the Voluntary Surrender of Salaries (Exemption from Taxation) Act, 1950, the following section shall be substituted, namely:—

“2. *Exemption from taxes on income in respect of salaries surrendered by certain persons.*—Notwithstanding anything contained in the Indian Income-tax Act, 1922 (XI of 1922), or in any other law for the time being in force relating to taxation on income, no income-tax or super-tax shall be payable by any person whose salary is either specified in the Second Schedule to the Constitution or is determined by any Central Act, State Act or Provincial Act in respect of that part of the salary due to him under any of the said laws for any period after the 31st day of October, 1949, which that person has, by a declaration in writing, volunteered to forego in the public interest, and that part of the salary shall not be included in his total income for the purposes of any law relating to taxation on income.”.

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STATEMENT OF OBJECTS AND REASONS.

The Voluntary Surrender of Salaries (Exemption from Taxation) Act, 1950, provides for the exemption from taxation of a portion of salaries voluntarily surrendered by holders of certain offices listed in section 2 (2) of the Act. This list is, however, not exhaustive and does not include all holders of posts whose salary is fixed by the Constitution or is determined by any Central Act, State Act or Provincial Act. For these reasons, the necessity arises of adding to the list of persons from time to time.

*The President has, in pursuance of clause (1) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to the House of the People the introduction of the Bill.

2. With a view to avoiding this and to enabling all holders of such offices voluntarily to forego their salary the Bill seeks to substitute the existing section 2 of the Act by a new section which would authorise exemption from taxation portions of salaries voluntarily surrendered by the holders of such offices.

NEW DELHI,
The 25th January, 1953

MAJIAVIR TYAGI.

M. N. KAUL,
Secretary

